

## Message Text

PAGE 01 TEHRAN 00096 051038Z

21

ACTION SS-30

INFO OCT-01 ISO-00 /031 W

----- 025151

R 051000Z JAN 74

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 4988

INFO AMEMBASSY KUWAIT

AMEMBASSY JIDDA

S E C R E T TEHRAN 0096

EXDIS

E.O. 11652: GDS

TAGS: ENRG, OPEC, IR

SUBJECT: PARTICIPATION AGREEMENT

REF: TEHRAN 0045

1. WHEN I SAW COURT MINISTER ALAM ON DECEMBER 30 IN CONNECTION WITH THE RECENT OPEC PRICE RISES, I ASKED HIM VARIOUS QUESTIONS ABOUT HOW THE OPEC MEETING HAD GONE AND WHICH COUNTRY HAD ADVOCATED WHAT. HE SAID HE WOULD TRY TO GET THE ANSWERS. MEANWHILE, I SAW MINISTER OF FINANCE AMUZEGAR ON JANUARY 2 AND GOT MOST OF WHAT I WANTED FROM HIM. WITH THE SHAH BEING IN SWITZERLAND COMMUNICATIONS ARE SLOW, SO THE SHAH'S APPROVAL TO GIVE ME THE INFORMATION IN REFTEL ARRIVED ONLY YESTERDAY AND WAS PASSED BY ALAM TO ME JANUARY 5.

2. ALAM HAD TWO POINTS WHICH THE SHAH WANTED HIM TO MAKE TO ME. THE FIRST HAD TO DO WITH KUWAIT AND ITS PUSH FOR 60 PERCENT PARTICIPATION. THE GOI WARNS THAT IF GULF AND BRITISH PETROLEUM SETTLE FOR COMPENSATION ON THE BASIS OF NET BOOK VALUE RATHER THAN UPDATED BOOK VALUE, IRAN, SAUDI ARABIA, AND QATAR WILL BE OBLIGED TO GO BACK ON THEIR

AGREEMENTS TO SETTLE FOR UPDATED BOOK VALUE. RECOGNIZE THAT GOI HAS NO RIGHT TO SPEAK FOR SAUDI ARABIA AND QATAR, BUT  
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CAN ONLY ASSUME THAT GOI WELL KNOWN THAT WHAT ONE PERSIAN GULF COUNTRY DOES, THE OTHERS WILL DO. SECONDLY, AS FOR THE SIGNIFICANCE OF INCREASED PARTICIPATION, THE GOI INSISTS THAT THEREASON KUWAIT, AND PROBABLY SAUDI ARABIA, ARE PUSHING FOR

IT NOW IS THAT THEY WANT LARGER AMOUNTS OF BUY-BACK OIL  
TO SELL AT HIGH PRICES ON TENDER. IT MUST BE CONCEDED  
THAT THIS WOULD BE A MORE PROFITABLE WAY OF SELLING BUY-BACK  
OIL RIGHT NOW THAN BY TURNING IT OVER TO THE CONSORTIUM FOR  
PURCHASE AND DISTRIBUTION.

3. IN SETTING DOWN FOREGOING, WE HAVE NO INTENTION OF TRYING  
TO MIND SOMEONE ELSE'S BUSINESS FOR THEM. WE MAKE THESE  
POINTS BECAUSE THE GOI BADE THEM TO US.  
HELMS

SECRET

<< END OF DOCUMENT >>

## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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